


2022-2023


Modern Slavery Statement

About this statement

This Modern Slavery Statement (Statement) is published by IFM Investors Pty Ltd (IFM Investors) on behalf of IFM Holdings Pty Ltd (IFM Holdings) and its subsidiaries (IFM Group) in accordance with the Australian Modern Slavery Act 2018 (Cth) (Australian MSA) and the United Kingdom's Modern Slavery Act 2015 (UK MSA). IFM Investors is a wholly owned subsidiary of IFM Holdings.

This Statement:

(a) is a joint modern slavery statement made in accordance with section 14 of the Australian MSA on behalf of the Australian 'reporting entities' and their subsidiaries in the IFM Group shown in the structure diagram shaded grey  in Appendix 1 (Australian Reporting Entities); and

(b) is a slavery and human trafficking statement made in accordance with section 54 of the UK MSA on behalf of the following UK entities in the IFM Group shaded blue  in the structure diagram in Appendix 1 (UK Reporting Entities):

- IFM Investors (UK) Ltd;
- IFM Global Infrastructure (UK) GP Ltd; and
- IFM Infrastructure (UK) General Partner, LLP.

The Australian Reporting Entities and the UK Reporting Entities are together referred to as the Reporting Entities in this Statement.

This Statement describes the modern slavery risks of, and the actions to assess and address those risks taken by, the Reporting Entities and their owned and controlled entities (excluding any portfolio entities managed or advised by IFM Investors).

IFM Holdings is a wholly owned subsidiary of Industry Super Holdings Pty Ltd (ISH). ISH wholly owns subsidiaries including IFM Holdings, Industry Funds Services Ltd, Industry Super Australia Pty Ltd and The New Daily Pty Ltd. The IFM Group is operationally separate to ISH and ISH's other Australian subsidiaries, and ISH issues a separate modern slavery statement on behalf of itself and these subsidiaries.

References to "we", "our" or "IFM" in this Statement are references to the IFM Group.

Glossary	2
Our structure, operations and supply chain	4
Our modern slavery risks	8
Our actions to assess and address our modern slavery risks	10
Looking ahead – FY24 and beyond	20
Assessing the effectiveness of our approach	21
Appendix 1	22

GLOSSARY

IFM Investors Pty Ltd acts in a capacity as a diversified portfolio adviser or manager and any references to IFM acting as an “asset manager” or references to “our investments”, “our portfolios”, “IFM’s portfolios” or equivalent should be read and understood to be in this capacity. IFM Investors Pty Ltd Registered address: Level 29 Casselden Place, 2-10 Lonsdale Street, Melbourne, VIC 3000.

The term “asset classes” refers to the sum of IFM Investors infrastructure equity portfolio, debt investment portfolio, listed equities portfolio and private equity portfolio. See [Capabilities IFM Investors](#) for further details.

The term “sustainable investment”¹ refers to IFM Investors’ approach to integrating sustainability factors into investment analysis, decision-making, ongoing management and oversight of investments, recognising the impacts these can have on investment performance, as well as wider society and the environment. Our sustainable investment approach is tailored to asset classes, tenure of holding and degree of influence we have as owners.

The term “sustainability factors” refers to factors that relate to society and the environment, such as worker safety, inclusion and diversity and climate change. These factors, and how they are

integrated into investment processes, can give rise to investment risks, opportunities and impacts that may be financially relevant and ultimately affect investment performance. References to “sustainability opportunities” and “sustainability risks” shall be construed as opportunities and risks associated with such sustainability factors (as applicable).

The term “sustainable business” refers to IFM Investors’ sustainable investment activities combined with IFM Investors’ overarching organisational approach to sustainability across key areas of risk management, and value building practices and activities (encompassing sustainability factor integration, stewardship, collaboration and advocacy, transparency and reporting and corporate sustainability).

The term “stewardship” refers to IFM Investors’ use of various strategies, including the responsible allocation, management and oversight of capital with the aim of creating long-term value for clients and beneficiaries, leading to sustainable benefits for the economy, the environment and society.

¹ This definition differs from, and is not intended to refer to, the technical definition of “sustainable investment” in Article 2, point (17) under the European Union’s Sustainable Finance Disclosure Regulation (SFDR).

Foreword

The 2023 Global Slavery Index estimates that there are almost 50 million victims of modern slavery worldwide, highlighting modern slavery as a significant global issue that needs to be tackled to protect the most vulnerable people in society².

This Statement reflects IFM's ongoing commitment to identifying and addressing modern slavery risk in our global operations and supply chain, and in our investments. We seek to act in the best interests of our clients, their beneficiaries, and the millions of working people around the world that they represent. We recognise that this encompasses the understanding, identification and management of modern slavery risks throughout IFM's business.

The task of identifying, managing and preventing modern slavery risks is ongoing, hence this Statement reflects on IFM's activities in the reporting period of 1 July 2022 to 30 June 2023 financial year (FY23).

Approval under the Australian MSA

This Statement has been approved on behalf of all Reporting Entities on 20 December 2023 by the boards of directors of IFM Holdings and IFM Investors, both 'higher entities' under section 14(2) of the Australian MSA with respect to the other entities in the IFM Group.

Approval under the UK MSA

This Statement has been approved in accordance with section 54(6) of the UK MSA by each UK Reporting Entity. In respect of the UK Reporting Entities that are body corporates (other than a limited liability partnership), a copy of this Statement signed by a director of those entities is available on written request. In respect of the UK Reporting Entity which is a limited liability partnership, a copy of the Statement signed by the designated member is available on request.



Cath Bowtell,

Chair of the boards of directors
of IFM Investors and IFM Holdings

20 December 2023

² <https://www.walkfree.org/global-slavery-index/>

OUR STRUCTURE, OPERATIONS AND SUPPLY CHAIN

About IFM Investors

Owned by pension funds. Inspired by their members. Our purpose is to invest, protect and grow the long-term retirement savings of working people.

With A\$215 billion invested on behalf of 665 institutional investors (at 30 June 2023), IFM manages investments across infrastructure, debt, listed equities and private equity assets. Our investors collectively manage the retirement savings of more than 120 million people around the world (at 30 June 2023).

As an institutional fund manager, IFM has a fiduciary duty to maximise returns over the long term for the benefit of our clients. It is becoming increasingly clear to us that fulfilling this duty – now and in the future – depends on the health of the broader system in which we invest and operate.

Large institutional fund managers like IFM are often called universal owners as their investment portfolios own such a broad cross-section of the economy that they cannot avoid or diversify away from systemic issues that affect the entire economic system. These risks have the potential to result in lower investment returns over the long term. We believe universal owners have a role to play in helping to tackle systemic risks. For us, this means being a sustainable investor and actively managing sustainability factors (including risks and opportunities) within our investment processes.

As a signatory to the United Nations-supported Principles for Responsible Investment and the UK Stewardship Code, we actively engage on sustainability factors with the companies in which we invest, noting that the level of engagement and our approach is tailored depending on the asset class, type of investment and the level of governance rights. IFM's approach to sustainable investment is also informed by the United Nations Global Compact which supports a set of core principles in areas including human rights and labour standards.

IFM acknowledges its responsibility to respect human rights, and as part of meeting this responsibility, we are committed to identifying and addressing modern slavery risk within our operations, supply chain and investment portfolios. Our approach to managing modern slavery risk includes striving for continuous improvement in our processes as we move towards best practice, transparency in reporting and ensuring we continue to meet our legal obligations. We are committed to taking an active approach by engaging on modern slavery with suppliers and portfolio companies, with the aim of playing our role in helping to eradicate modern slavery globally.



Our business and operations

Operating globally from offices in Melbourne, Sydney, London, New York, Amsterdam, Berlin, Houston, Hong Kong, Milan, Seoul, Tokyo, Warsaw and Zurich, IFM manages investments across infrastructure, debt, listed equities and private equity assets.

Our four asset classes are supported by specialist teams including Sustainable Investment, Commercial, External Relations, Finance, Client Solutions, Operations, People & Culture, and Risk & Compliance. IFM has a total workforce of over 800 employees globally, all working to invest, protect and grow the long-term retirement savings of working people.

A\$215 billion under management across four asset classes

(as at 30 June 2023)

Infrastructure

A\$108.0bn

IFM manages A\$108.0bn in infrastructure equity globally. We target core infrastructure in developed markets and currently have interests in 41 portfolio companies with operations spanning 13 countries.

Debt Investments

A\$58.4bn

(includes infrastructure debt and diversified credit) - IFM is a specialist credit, infrastructure debt, core bond and cash manager, managing A\$58.4.5bn of debt investments globally.

Listed Equities

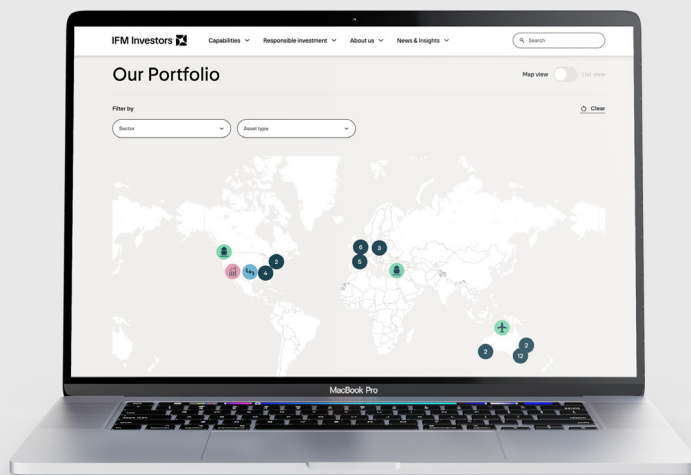
A\$47.6bn

IFM manages A\$47.6bn in listed equities across an extensive range of active, indexed and smart beta options on behalf of investors globally.

Private Equity

A\$1.2bn

IFM currently manages A\$1.2bn in Private Equity Investments. Direct holdings are represented by investments in Australia in service sectors targeting technology, healthcare and business services.



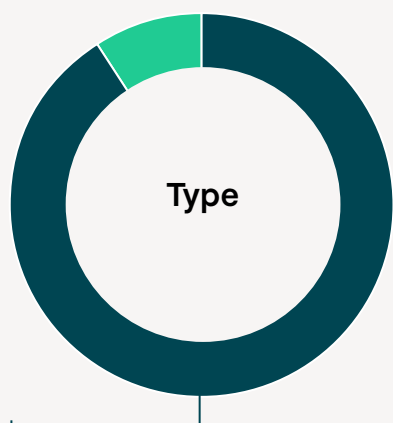
Our global infrastructure portfolio

Read more about our infrastructure portfolio companies on our [website](#).

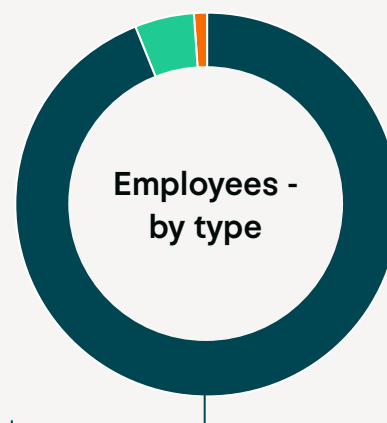
Our infrastructure portfolios support a collective workforce of more than 65,000 people globally.

Our People

Over 900 people engaged (employees and third-party engagements) by IFM Investors. Appendix 1 illustrates our structure.



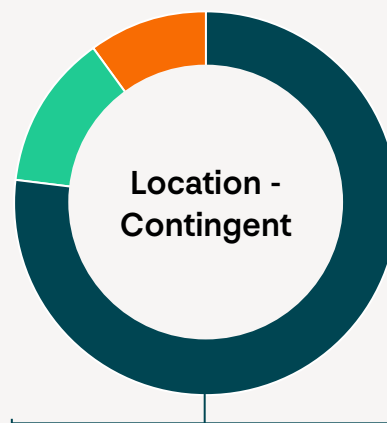
■ Employees **91%**
■ Contingent* **9%**



■ Permanent **94%**
■ Fixed Term **5%**
■ Casual **1%**



■ APAC **66%**
■ EMEA **17%**
■ NAM **17%**



■ APAC **77%**
■ EMEA **13%**
■ NAM **10%**

*Contingent workforce consists of non-employees including independent contractors, consultants, secondees and agency workers who are predominantly engaged in professional services roles.

Source: IFM Investors

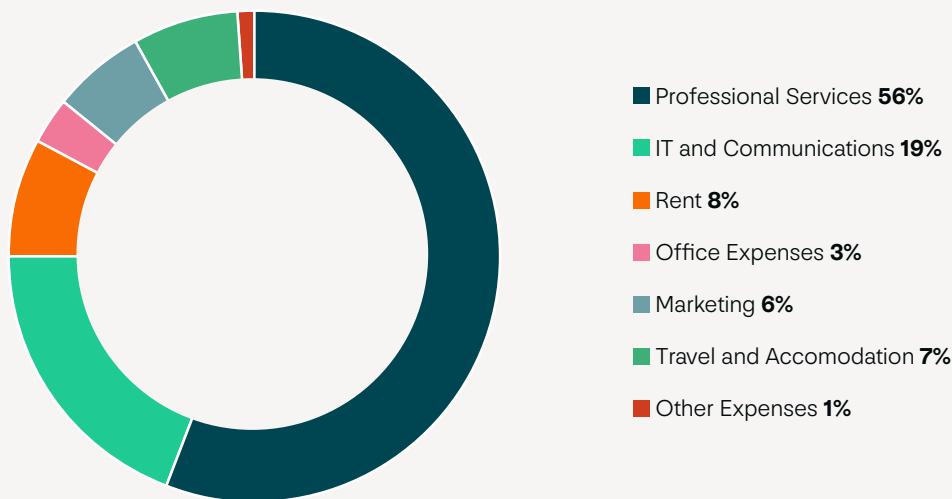
Our suppliers and supply chain

As a global organisation, IFM's operations are supported by goods and services vendors with an expansive geographic footprint.

IFM's supplier spend has increased gradually over the past few years. In FY23, it totalled AU\$140 million across both the IFM corporate entity and our investment funds. This encompasses approximately 800 suppliers, with 98 per cent of spend being on services and 2 per cent on goods. The largest spend categories are professional services (including legal, advisory, compliance and audit services), information technology, travel and property leasing. Our direct supplier base is mostly located in the vicinity of our offices globally, although we also have some suppliers in locations near our investment activities, such as Mexico, Canada and Luxembourg.

Travel spend continued to rebound in FY23, following the COVID-related interruption and beginnings of a rebound in the prior year as noted in IFM's 2021-2022 Modern Slavery Statement. This is significant because our research suggests that suppliers to the travel industry – in particular, hotels through complimentary items and cleaning – carry a relatively high modern slavery risk due to their manufacturing locations and the prominence of low skilled migrant labour. As our travel spend increases, we become more exposed to these potential risks in our supply chain. A detailed discussion of our recent deep dive into managing travel-related modern slavery risk is provided in the breakout box on page X of this Statement.

Category Spend



OUR MODERN SLAVERY RISKS

Whilst modern slavery, including forced labour practices, are likely inherent in the supply chains of most businesses around the world, understanding and addressing the risks and impacts our business poses to people is critical to operating a responsible business and being part of the wider movement to eradicate such practices.

In assessing and describing modern slavery risks in our operations, supply chain and investments, it is important to consider the potential for IFM to be unintentionally directly or indirectly linked to the harmful effects of modern slavery incidents. The United Nations Guiding Principles on Business and Human Rights (UNGP's) help to inform our assessments, and the following hypothetical examples illustrate this.

1. We may cause modern slavery through our own acts or omissions.

***Example:** An IFM infrastructure portfolio company (managed by IFM) in a higher risk country engages migrant workers to construct a new terminal and exploits these workers.*

2. We may contribute to an adverse human rights impact (with other actors) through our acts or omissions for example by facilitating, encouraging or incentivising a third party to cause an impact.

***Example:** An IFM portfolio provides significant debt financing to support the construction of a battery storage facility with a business widely known for its poor labour practices without doing any due diligence or taking any mitigating actions to address the known risks of modern slavery. The company subsequently engages forced labour to build the facility and the lithium used in the project is mined by a state-owned company using state-sponsored forced labour.*

3. We may be directly linked to an adverse human rights impact through a business relationship with an entity.

***Example:** IFM is a key customer of a supplier that imports office furniture. It is subsequently found that inputs to the manufacturing process deeper in the supply chain come from the textile industry where the worst forms of child labour have been used.*

These examples highlight the different ways IFM may be involved in modern slavery risk and the importance of conducting ongoing modern slavery due diligence within our operations, supply chain and investments. Modern slavery risks are not static, and we are committed to monitoring our evolving risk profile.



Modern slavery risks in our operations

Our operations comprise offices located primarily in Australia, the UK and the US. Smaller offices are also located in Tokyo, Hong Kong, Seoul, continental Europe and other parts of North America. All our operations are services based, and there is no physical production of goods at our offices.

Having considered the prevalence of geographical, industry/sector and service-related modern slavery risks that relate to IFM's direct business operations, we have assessed our modern slavery risk as low. Specifically, the following factors were considered:

- the location of our offices and employees;
- the highly regulated industry in which we operate; and
- the largely professional nature of our workforce and of those we engage with.

Modern slavery risks in our supply chain

Our suppliers support the ongoing operations of our business through the provision of:

- Office space and the services (such as cleaning and catering) required to run an office;
- IT required to connect our offices, store information and engage with our shareholders, clients and supply partners;
- Business travel and associated expenses, that enable us to monitor and manage our investments, engage directly with our clients and connect our offices more closely together;
- Information to make informed investment and other decisions; and
- Services that support strategy, governance and decision making.

Our assessment of modern slavery risks indicates that office services, such as cleaning and catering, areas of business travel, particularly the services that engage with our travel partners (such as hotel and airline consumables) and the inputs to our IT hardware and communications equipment are the areas of IFM spend with the highest risk of modern slavery.

Our assessment of the risk level is driven by an understanding of the inputs to the goods and services purchased and whether they are from high-risk industries and the location from which those services are provided, including the supply chain tiers beyond the direct purchase (for example the manufacturing location of hotel consumables).



Our investments span four key asset classes – infrastructure, debt, listed equities and private equity – and thus touch most sectors in many regions globally.

IFM's largest area of spend is in professional services, but our assessment has identified that our smaller spend areas have greater potential for modern slavery risk. These smaller spend areas have been of greater focus in our assessments to date and we plan to continue focusing on these areas. A deep dive review on page 13 outlines how we have sought to address risks within spend categories that we regard as most vulnerable to modern slavery risk.

Modern slavery risks in our investments

Our investments span four key asset classes – infrastructure, debt, listed equities and private equity – and thus touch most sectors in many regions globally. Recognising that the risk of modern slavery is heightened in certain sectors – such as manufacturing, construction, air travel and transportation, agricultural and fishing industries, mining and electronics – as well as in select countries, we may be connected to modern slavery risks through our investments in these industries and jurisdictions.

We recognise that human rights risks are dynamic. External insights and data on modern slavery risks are continually evolving and it is important that risk assessments are reviewed regularly, including across our investments, to take account of new developments. This helps us to prioritise our activities and focus on areas representing the greatest risk of harm to people.

OUR ACTIONS TO ASSESS AND ADDRESS OUR MODERN SLAVERY RISKS

Our modern slavery workplan focuses on a staged approach

The actions we are taking to manage modern slavery risks continue to be centred on the following staged approach:

- Building the fundamentals internally to help ensure that our governance structures, policies and processes adequately capture and support modern slavery risk management;
- Prioritising activity by risk and aiming to maximise impact through our relationships with, and influence over, investee companies and suppliers; and
- Maturing our human rights response through cross-functional activities and a holistic and mature human rights approach.

Our work on building organisational knowledge and capability on modern slavery risk management has been ongoing in FY23 and has been supported by a set of policies and governance that cover our procurement activities and the investment lifecycle.

Governance and oversight

IFM's overarching sustainable business and corporate sustainability strategy, including management of modern slavery risk, is established and monitored at the Board level. The Board Responsible Investment and Sustainability Committee (BRISC) assists the IFM Group Board by providing an objective, non-executive view of the effectiveness of IFM's sustainable business, stewardship, corporate sustainability strategy and reporting framework. Management is responsible for the execution of this strategy, ensuring relevant sustainability factors are reflected in our risk management frameworks, investment analysis, stewardship and corporate level activities.

Our policies and procedures establish our approach in relation to assessing and addressing modern slavery and human rights related risks in our operations and supply chains, these include:

- Our Code of Conduct;
- Our Supplier Code of Conduct;
- IFM Group Anti-Money Laundering and Counter-Terrorism Financing Policy;
- IFM Group Anti-Bribery & Corruption Policy;
- IFM Group Corporate Environmental Social & Governance (ESG) Policy;
- IFM Group Outsourcing Policy;
- IFM Group Policy for the Engagement of External Advisors;
- IFM Group Recruitment Policy;
- IFM Group Sanctions Policy; and
- IFM Group Whistleblower Policy.

Our actions in FY23 to manage our modern slavery risks

In FY22 we completed a modern slavery gap analysis with assistance from a specialist business and human rights advisory firm that considered our modern slavery risk management practices against expectations set out in the Australian MSA and the UN Guiding Principles on Business and Human Rights (discussed in more detail in our FY22 Modern Slavery Statement).

In FY23, we have predominantly focused on uplifting our internal policies, processes and capabilities relevant to modern slavery risk management. Where activity has been undertaken with respect to our suppliers and investments, this has been based on areas where the greatest risks of modern slavery intersect with our opportunity to influence through the nature of our relationship.

Our actions during the year are summarised in the table below, and detailed in the sections that follow.

Summary of progress against our priority activities as outlined in our FY22 Modern Slavery Statement

Activity description	Progress in FY23	Status	More details
IFM OPERATIONS AND SUPPLY CHAIN			
Deep dive due diligence of a high-risk sector for modern slavery – travel.	We did a deep dive analysis of our travel partners as our spend is increasing in this sector and it poses relatively high modern slavery risks (see case study below).	Completed	Page 13
Building on our work to develop a procurement governance framework which builds on our current policies – including supplier code of conduct, reviewing contract clauses and developing a procurement strategy and policy, which contain specific reference to modern slavery as a supplier appointment and management risk, requiring evaluation and ongoing monitoring.	The draft of a procurement governance framework has been presented to senior leaders across IFM. We anticipate final approval and implementation in FY24.	Ongoing	Page 12
Introducing a new, more robust supplier performance management framework which builds on our current policies and includes modern slavery risk management.	A supplier performance management framework has been developed and is in the process of being implemented.	Ongoing	Page 13
IFM INVESTMENTS			
Reviewing and updating our due diligence tools across asset classes to help ensure that modern slavery considerations are appropriately captured.	We have updated our Infrastructure Equity and Private Equity due diligence questionnaires in FY23.	Ongoing	Page 16
Seeking opportunities to engage with assets and portfolio companies in high-risk industries to understand their approach to modern slavery.	We have engaged with assets and stakeholders in our Infrastructure portfolio to understand their modern slavery responses and challenges.	Ongoing	Page 16
Developing tailored modern slavery guidance for investment teams	We developed tailored guidance materials for our Infrastructure and Private Equity teams.	Completed	Page 16
	We are continuing to share updates and provide tailored guidance as required to our investment teams.	Ongoing	
	Within our infrastructure portfolio, we are continuing to work with assets and stakeholders to understand modern slavery risks and remedies.	Ongoing	
MEASUREMENT & METRICS			
Developing quantitative and qualitative metrics to assess the effectiveness of modern slavery risk management	We have started to consider appropriate metrics. Where relevant, we plan to start collecting data to support reporting in FY24.	Ongoing	Page 21

Assessing and addressing modern slavery risks in our operations

While we consider the risk of modern slavery among our workforce to be low, we focus on managing potential risks through our policies and processes. We operate in a highly regulated sector and are required to have robust policies and procedures in place concerning employment screening, employee conditions and appropriate workplace behaviour.

IFM's internal recruitment and employment practices ensure employees are offered terms and conditions of employment that comply with applicable local legislative requirements. Pre-employment screening checks, including references, are conducted for all employees to verify identity and age, right and fitness to work, criminal history, qualifications and experience. Employment screening is redone annually for individuals employed in regulated roles.

This is supported by IFM's Code of Conduct, applicable internal policies and individual employment contracts. Our non-employees, or contingent workers as noted on page 6, are engaged on standard terms of engagement that are regularly reviewed for compliance with local legislation and best practice.

Assessing and addressing modern slavery risks in our supply chain

IFM executes contracts with many suppliers for goods and services, including where the value of the contract is over AU\$15,000 and/or it has been identified as exposing IFM to potential operational or reputational risk, including modern slavery.

IFM's standard supplier contract includes clauses requiring compliance with anti-money laundering, anti-bribery and anti-slavery laws. The contract defines anti-slavery laws and requires compliance with these laws, the maintenance of policies and procedures that will help to ensure compliance, and that the supplier provide IFM with information pertaining to these clauses. All repeatable purchases are expected to be made under a contract, while IFM also has Master Services Agreements with suppliers that provide multiple services across different areas of the business, for example, consulting, advisory and compliance services.

We may also tender for some goods and services, in line with our policy requirements. This process includes mandatory documentation containing

questions on modern slavery risk, which requires information on suppliers existing policies and processes for addressing and managing modern slavery risk. We would move to the contracting stage following evaluation of the supplier and their appropriateness to supply IFM.

Suppliers that do not operate under a contract are typically one-off, small engagements for goods or services purchased locally where the cost of negotiating and executing a contract would exceed the value of the engagement and its risk. Examples include catering, other office consumables, such as milk and newspapers, and some purchases from social enterprises. These smaller spend categories can include areas identified with higher modern slavery risks, as noted above, and, as such, we remain aware of the need to undertake appropriate due diligence before appointing non-contracted suppliers.

While smaller and one-off appointments may not have a contract, we still undertake due diligence. This would include gathering evidence on product sourcing processes and locations for items such as small-scale branded products, for example backpacks, and that suppliers provide at least local award wages for those involved in the provision of these goods and services. We have also sought to migrate some of these purchases towards social enterprises, such as businesses owned and operated by marginalised members of the community. We have sought support from several third parties to identify and undertake due diligence on these social enterprises, before they are appointed.

IFM also undertakes quarterly checks of our suppliers to identify if any are operating under sanctions. This is carried out via Refinitiv's World Check One system, which we also use to confirm the location of our suppliers.

One of the key recommendations of the gap analysis we undertook in FY22 was the commencement of deep dive assessments into those parts of our supply chain that carry higher levels of modern slavery risk. This commenced in FY23 with an analysis of our travel suppliers, as outlined in the breakout box below.

We have developed a draft procurement governance framework which specifically addresses modern slavery and other sustainability factors, and this has been presented to senior leaders across IFM. There are several other policies and global business units that are impacted by implementation, so we are still working on this project. However, key stakeholders across the business were involved in the drafting

process for the procurement governance framework and we anticipate final approval and implementation in FY24.

We have also made progress on our supplier performance management framework, which has been developed and implemented with some of the key vendors servicing IFM. This has included the provision of information from some key suppliers about how they are managing and monitoring their

supply chain for modern slavery. When advised they are in place, we have requested policies, training materials and Modern Slavery Statements. We anticipate capturing more vendors within this framework in FY24. We are also considering the development and inclusion of KPIs relating to modern slavery and sustainability factors more broadly, within the framework, and how these may work in practical terms including implementation and measurement.

CASE STUDY



Deep dive due diligence assessment of our travel suppliers

One of the key recommendations of the modern slavery gap analysis we undertook in FY22 was the commencement of deep dive assessments into those parts of our supply chain that carry higher levels of modern slavery risk.

We chose to start with our procurement relating to travel as we identified this as one of our higher risk procurement categories for modern slavery (e.g. for hotels, there are heightened risks in relation to suppliers of complimentary items and cleaning). We also prioritised this area of risk as our travel spend has been increasing as the COVID pandemic subsided.

The aim of the deep dive was to increase our direct knowledge of what our travel partners were doing to manage and

mitigate modern slavery risk in their supply chains. We chose to pursue this deep dive using a collaborative approach, with the expectation that all parties involved could share issues and learnings and be encouraged to develop more effective structures for the identification, management and prevention of modern slavery risk.

Our analysis covered the following types of travel suppliers:

- Our key travel partners through whom we book our travel globally, including air, hotel and ground travel;
- Our contracted airline partner; and
- Our contracted hotels, including both individual properties and hotel groups.

Continued →

CASE STUDY

How we undertook our assessment

Developing an understanding of our supply chain beyond our direct relationships is challenging and complex. It was not practical for IFM to physically go on-site and directly research all the tiers of our travel supply chain (for example, providers of hotel cleaning services, manufacturers of airline seats, sources of the food used in hotel catering and restaurants, etc.) So, we chose to undertake our deep dive using several direct engagement methods:

- A modern slavery questionnaire that we sent to the majority of our travel suppliers. The questionnaire was developed drawing on a range of materials sourced online and from Gartner, and direct comparisons with similar documents that IFM has been asked to populate by its investors and shareholders.
- Requests for documentation that explain how our travel suppliers address modern slavery risks in the tiers of their own supply chains.
- Enquiries about the existence of modern slavery training modules for staff and relevant policies and procedures that govern their internal management of modern slavery risk and reviewed the content of the documentation provided.
- Meetings with travel supplier management to discuss their approach to modern slavery risk management and whether they had identified any modern slavery incidents within their operations or supply chain and if so, what actions they had taken.

To supplement this direct engagement, we also undertook a detailed desktop assessment to determine whether there were public reports of modern slavery incidents having occurred at relevant companies or sectors that service the travel industry.

Key findings

The assessment provided us with a much deeper understanding of our travel suppliers and some useful insights. In particular, we noted some inconsistencies in how our travel suppliers consider and manage modern slavery risks, as outlined further below. We also learnt that not every supplier had a legislative obligation to report under modern slavery legislation, either due to their ownership structure, turnover or location, and this had a bearing on the depth of modern slavery risk management policies and processes that they had in place. For example, IFM uses a non-chain aligned hotel in New York, which provided policies addressing ethical business conduct but did not specifically reference modern slavery. We aim to work with that supplier to develop a more targeted approach to address modern slavery risks.

While all suppliers had, at a minimum, a broad, written policy or code covering business ethics and/or human rights, for some companies this was the full extent of their engagement on modern slavery. Other companies took a more mature approach, as discussed below, and this information has prompted IFM to consider updating our own practices. One supplier also had a specific example of where their modern slavery approach had been meaningfully successful as discussed below.

Supplier good practice

We were impressed by two of our global hotel chain partners that demonstrated a holistic approach to modern slavery risk management, focusing on how management and employees had an opportunity to help vulnerable people. This helped in their aim to ensure that

Continued →

CASE STUDY

identification and escalation of risks are continuously considered by their staff. One of the hotels had trained staff to identify at-risk individuals and take appropriate action. This led to a human trafficking incident being uncovered at another of their US properties in 2021 and reported to law enforcement, helping to remove victims from the situation. While this incident was not at one of IFM's preferred hotels within the hotel group, we were pleased to note that this was disclosed as part of our assessment, and that it has been reported in their modern slavery statement for the relevant period.

Our deep dive findings were that our key hotel and airline partners had well developed methodologies and approaches to the sourcing of food and catering, which they had identified as an area of modern slavery risk, particularly in relation to the initial sourcing of seafood and agriculture.

Areas of concern

One problematic practice that was uncovered by our deep dive into our travel-related suppliers was that our key travel partners make hotels available for booking by their clients without doing modern slavery risk assessments of those hotels.

While our travel partners did provide IFM with template Request for Proposal (RFP) documentation that included questions relevant to modern slavery risk management, hotels provided for use by IFM outside of IFM's tendered preferred suppliers did not, however, have that same due diligence applied. Instead, they used direct feeds from Global Distribution Systems (GDS), which are computerised systems that enable bookings and transactions to happen between travel industry participants including booking partners, hotels and airlines, and so rely on GDS' actions to track and mitigate modern slavery risks. This means that while IFM provides multiple preferred hotels in areas that we have significant travel to and these have undergone due diligence on their approach to modern slavery risk management, it is unclear what level of due diligence has been applied to hotels in other locations where our staff may stay.

IFM has not had any direct contact with the companies that operate GDS and further work is required with our travel booking partners, to better understand the processes that GDS have in place, although publicly available information indicated they do have due diligence checking processes in place.

Next steps

Given the benefits of this deep dive due diligence assessment, we intend to continue working with certain travel partners that have a higher modern slavery risk profile to help improve their processes, while also doing a deep dive into our property and facilities management providers in FY24.

Assessing and addressing modern slavery risks in our investments

Over FY23, with assistance from a specialist business and human rights advisory firm, we commenced a review and update of investment due diligence questionnaires to support our investment teams. The purpose of the review was to help ensure the questionnaires appropriately capture modern slavery risk considerations, and effectively support investment teams to undertake indicative modern slavery risk assessments of current or potential investees. This commenced with the development of a comprehensive modern slavery due diligence assessment framework and the consolidation of this framework into a set of due diligence questions to be included in the pre-existing due diligence materials of the Private Equity and Infrastructure team processes. The questions are designed to consider the inherent modern slavery risk in potential investee companies, as well as any mitigations that are in place.

The inherent risks associated with an investment are considered in our analysis, alongside the influence or connectivity we have with an underlying portfolio company – for example, through the level of our shareholdings – as this may impact the potential for IFM to engage with the company.

To complement this due diligence uplift process and to further support capacity building across our investment teams, we also developed a Modern Slavery Guidance Note for IFM Directors, with assistance from the business and human rights advisory firm. The Guidance Note included asset class specific risk factors to consider and potential considerations for Board nominees. For example:

- Within Private Equity, the Guidance Note aims to support IFM appointed Directors to drive private equity assets' actions to manage modern slavery risks and meet evolving stakeholder expectations for action, including in relation to the Australian MSA.
- Within Infrastructure, the aim of the Guidance Note is to support IFM appointed Directors to encourage global infrastructure assets' actions to manage modern slavery risks, meet evolving stakeholder expectations for action, and comply with current and emerging global legislative requirements, such as the Australian and United Kingdom Modern Slavery Acts, Canada's new forced labour reporting legislation, and proposed modern slavery legislation in New Zealand.

The Guidance Note includes an indicative list of high-risk goods and services and potential higher risk countries to assist in understanding of the potential level of modern slavery risks; an outline of suggested actions for consideration in management of modern slavery risks in assets; key definitions of modern slavery practices and additional resources on modern slavery.

As part of a broader focus on social sustainability within our Infrastructure team, we are pleased to report on actions we have advanced in relation to high-risk sectors in our portfolios – notably seaports and airports:

- In mid-2022, IFM signed a Charter of Principles with the Australian Council of Trade Unions (ACTU) that included a clause on protecting the human rights of seafarers. Modern slavery was identified by the Maritime Union of Australia as a key risk for foreign seafarers working in Australian waters and therefore the inclusion of this clause in the Seaport Charter reflects the importance of human rights to Australian unions and IFM. Whilst IFM's direct influence over workplace practices at the seaport assets is limited, including for seafarers on vessels that call at Australian ports, we have committed to work with investee port companies and the other shareholders at portfolio assets to encourage the adoption of the Charter of Principles by that asset.
- In May 2023, IFM signed a Charter of Principles with the ACTU to facilitate social dialogue at IFM portfolio airport assets. Through this charter, IFM is committed to helping the airport assets in their aim to ensure that the human rights of airport workers are protected and to take steps to protect against modern slavery risk in airports and airport supply chains. Operationalising the Airport Charter with the ACTU will be a priority for FY24.

Company engagement

We undertake direct and collaborative company engagement on a range of sustainability factors including modern slavery. Where modern slavery concerns or incidents are raised, it is critical that we engage with companies early to understand and influence the how risks are managed, and how incidents are investigated and remediated. We have an active company engagement program (as outlined

in the breakout box case study below), in which we use our shareholder position and voting rights to positively influence corporate behaviour and drive a more strategic understanding of sustainability factors, including modern slavery.

We also continue to collaborate with industry peers through initiatives such as Investors Against Slavery and Trafficking Asia-Pacific (IAST APAC)³. This provides opportunities to lead and support direct modern slavery engagements with a number of ASX200 companies, including large retailers. Through this collaboration, we are also provided with knowledge-sharing and building opportunities with topics covered in FY23 including:

- Engagement skills
- Global updates, including to the Global Slavery Index, evolving legislation and regulation, ESG (modern slavery) data providers.

We continue to build our knowledge and collaborative actions on modern slavery, and human rights risks more broadly, through our participation in the following initiatives:

- **Responsible Investment Association Australasia (RIAA) Human Rights Working Group** – This collaboration⁴ helps RIAA members to build a deeper understanding of human rights, build skills to identify and comment on due diligence processes and understand investor/company roles in remedying human rights abuses and violations.
- **RIAA First Nations Working Group** – The aims of this Group⁵ are to address and advance the rights of First Nations peoples and others subjected to systemic racism; elevate First Nations peoples' participation and voices in investment and the Responsible Investment community; and increase access, scale and impact of First Nations peoples' related investment activity.
- **UK's Taskforce on Social Factors** – Chaired by IFM's Chief Strategy Officer, and co-chaired by IFM's Global Head of Sustainable Investment⁶, this taskforce has a primary goal of supporting UK pension scheme trustees and the wider pensions industry with some of the key challenges around managing and measuring social factors in relation to their investments. These social factors include labour practices, supply chain and modern slavery issues, diversity and inclusion and others.



³ <https://www.iastapac.org/>

⁴ <https://responsibleinvestment.org/human-rights-working-group/>

⁵ <https://responsibleinvestment.org/first-nations-peoples-rights-working-group/>

⁶ These Chair and Co-chair roles with the UK's Taskforce on Social Factors are in addition to their roles at IFM Investors. Our Global Head of Sustainable Investment joined IFM in September 2023.

CASE STUDY



IFM's listed company engagement program

Given the linkages between relevant sustainability factors, such as modern slavery, and the long-term value of our portfolio assets, we are active as an owner and where possible, we use our shareholder position to positively influence corporate behaviour and drive a more strategic understanding of sustainability factors.

Our listed company engagement efforts are primarily focused on Australia, given the majority of our listed equities funds under management are invested in Australian companies, on behalf of Australian superannuation fund investors.

Our listed equities engagements aim to reinforce our expectation that the companies we invest in strategically recognise and manage relevant sustainability factors to help protect and enhance long-term shareholder value. Our engagement activities that incorporate modern slavery risk management are as follows:

- Direct company engagement by our Sustainable Investment team which is generally focused around IFM's priority themes which are climate change, human rights, and inclusion & diversity, or as a follow up from prior engagement asks or issues relating to proxy voting. The team aims to drive positive systemic change for both the company and wider market, as well as understanding how companies are considering modern slavery risks within the context of their businesses.
- Collaborative engagements are sought where we believe there is more to be gained by engaging collectively, rather than individually with a company, on an issue that a broad range of investors are concerned about. A good example is our work with Investors Against Slavery and Trafficking Asia-Pacific that is noted above.
- Through service providers that enable us to extend our reach and engage on a range of sustainability factors. For example, IFM is a member of and engages the services of ACSI to engage on our behalf with ASX300 companies on a full range of ESG issues. ACSI also engages more broadly with government, regulators associations and the investment community, representing its members to promote best practice ESG standards. IFM employees often attend meetings with investee companies alongside ACSI. IFM's Deputy Chief Executive sits on the ACSI Board and our Director, Sustainable Investment and Stewardship represents IFM on the ACSI Member Advisory Council, which establishes its strategic direction and serves as its policy making body. This enables us to be aware of, and have significant input into, the overarching policies, priority engagement themes (including modern slavery⁷) and companies identified for engagement.

⁷ <https://acsi.org.au/wp-content/uploads/2023/03/2022-ACSI-Full-year-Engagement-Report-March-2023.pdf>

Training and capacity building

In September 2022, we engaged a business and human rights advisory firm to deliver a targeted presentation on modern slavery to support a targeted group of IFM employees across our investment teams and specialist support teams including Commercial, Finance, Risk & Compliance and Sustainable Investment. The presentation covered information on what modern slavery is, its relevance to IFM, and also IFM's response to modern slavery.

In May 2023, the business and human rights advisory firm was also engaged by ISH to deliver a Modern Slavery Learning Session to support its subsidiaries, which included IFM executives across our Governance, Procurement and Sustainable Investment teams. The session included an overview of modern slavery; the importance of managing modern slavery risks; expectations and responsibilities around respecting human rights, including modern slavery; modern slavery red flags; and basic actions to consider.

Grievance mechanisms and remedy

Another area of opportunity highlighted in our 2022 gap analysis was a review of our Whistleblower Policy and associated grievance mechanisms and processes. During the year this policy was reviewed, with input from the Sustainable Investment Team, and recommendations were approved to help ensure modern slavery-related issues and concerns are directly referenced and accommodated for.

There are many ways to raise a concern and we do not tolerate retaliation against those who raise concerns. To enable staff and suppliers to make disclosures regarding violations of IFM's Code of Conduct, other misconduct or breaches of laws and regulations (including modern slavery), the IFM Investors Business Ethics Contact Line is available. Other mechanisms available include direct reporting to an IFM employee, one of IFM's regulators or lodging an internal incident report.



LOOKING AHEAD – FY24 AND BEYOND

Our modern slavery related efforts in FY23 focused on building knowledge and skills across several business units, enhancing our understanding of key areas of supply chain risk through a deep dive activity, and continued engagement with companies.

As we continue to develop our approach to modern slavery risk management in FY24, we are cognisant of the constantly evolving global modern slavery risk context and shifts in legislative requirements and stakeholder expectations. As part of our ongoing assessment of risk, we believe there is an opportunity in the coming years to refresh our risk assessment across our operations, supply chain and investments.

We are also continuing to work on our procurement governance framework, which we expect to finalise during the coming year. We are also planning a modern slavery risk deep dive into our property and facilities management suppliers.

We recognise that effective grievance mechanisms are an important element of modern slavery risk management. Following the recent update to our Whistleblower Policy, we are considering a broader review in future of our grievance mechanisms and processes to help ensure that they are accessible, well communicated and effective. We are also exploring options for those who cannot access the internal Whistleblower Policy document (e.g. former staff, consultants, external service providers etc). This work will likely include consideration of improving the clarity and accessibility of whistleblowing information to external stakeholders and/or the development of a separate policy document for external use.

Within our investments, we plan to continue working on updating our due diligence materials across investment teams, including Equities and Debt Investments. This should help ensure a continued uplift in skills and a consistent understanding and application of investment related modern slavery considerations across the teams.

Within our infrastructure portfolio we are engaging with airport assets and co-owners on IFM's Airports and Seaports Charter commitments. We plan to operationalise the modern slavery commitments by engaging with ACTU, airport and seaport unions and portfolio assets to identify and mitigate modern slavery risks.



Our modern slavery related efforts in FY23 focused on building knowledge and skills across several business units, enhancing our understanding of key areas of supply chain risk through a deep dive activity, and continued engagement with companies.

ASSESSING THE EFFECTIVENESS OF OUR APPROACH

Measuring the effectiveness of the actions we are taking to identify and address our modern slavery risks has been a key area of reflection for IFM over the past 12 months. Whilst our modern slavery response continues to evolve, some existing and proposed measures we look to in assessing the effectiveness of our approach include:

- Deep dive assessments and due diligence on our suppliers and investments that support greater insight into specific areas of modern slavery risk, and an understanding of areas for improvement in our modern slavery risk management approach and those of relevant suppliers. Within our supplier base, it is our intention in future years to target other major spend areas within property, facilities management and information technology.
- Our engagement with trade unions at a global, national and sector level to understand labour risk as part of our commitment to social dialogue within our infrastructure investments.
- Feedback and learnings from collaborative networks and engagement with peers on their respective modern slavery risk management approaches to help benchmark and identify areas to enhance or adapt our own response.



Measuring the effectiveness of the actions we are taking to identify and address our modern slavery risks has been a key area of reflection for IFM over the past 12 months

- Periodic reviews of relevant IFM policies and procedures, such as our ongoing review of our Procurement and Whistleblower policies. In time, we hope that the use of grievance mechanisms, both in our own business and that of our suppliers and investments, will form a key input into understanding the effectiveness of remediation processes.
- Company engagement and partnering with groups such as ACSI in undertaking more targeted engagement with companies on modern slavery risks, ensuring that we are drawing on opportunities to collaborate and influence to promote effective action.

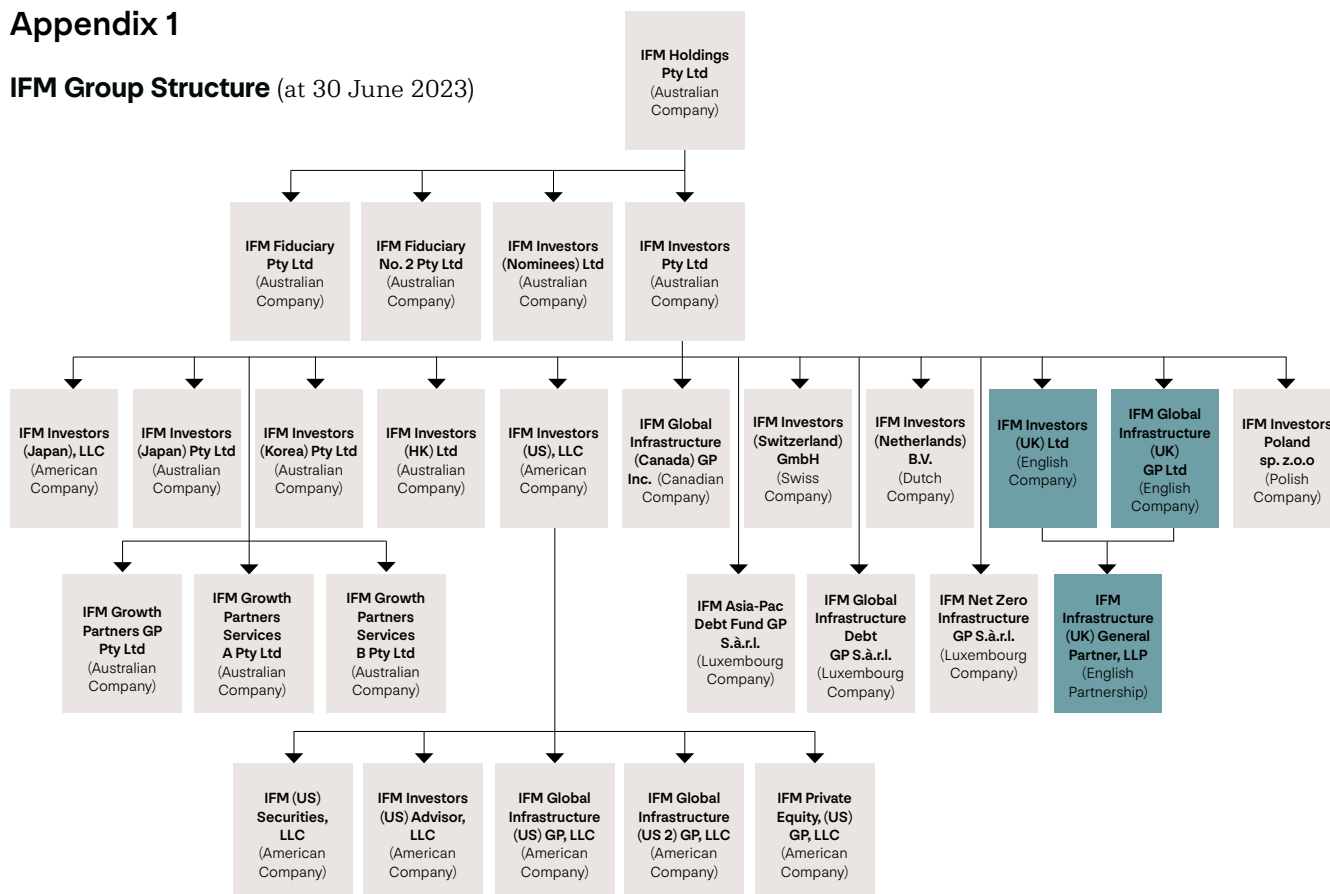
Consultation

In preparing this Statement, consultation has been undertaken as follows:

- Collaboration and consultation between IFM Investors' Sustainable Investment, Procurement, People & Culture, and Investment Teams, in relation to the development of this Statement and the development and implementation of IFM's modern slavery risk management approach across the Australian Reporting Entities set out in Appendix 1;
- IFM Investors' Sustainable Investment, Commercial, and Risk & Compliance teams provided support to all of the Australian Reporting Entities set out in Appendix 1; and
- This Statement has been approved by the principal governing body (the board of directors) of the highest reporting entity that owns and controls all subsidiary entities in the IFM Group including all the reporting entities listed in Appendix 1

Appendix 1

IFM Group Structure (at 30 June 2023)



THE FOLLOWING TABLE SETS OUT THE AUSTRALIAN REPORTING ENTITIES UNDER THE AUSTRALIAN MSA (SHADED GREY) AND THE UK REPORTING ENTITIES UNDER THE UK MSA (SHADED BLUE), WHICH IN EACH CASE ARE COVERED BY THIS STATEMENT.

Entity		Principal activities
IFM Holdings Pty Ltd	ACN 135 448 225	Holding company and parent company of IFM Investors.
IFM Investors Pty Ltd	ABN 67 107 247 727	IFM Investors is a leading global provider of investment services across infrastructure, debt investments, listed equities and private equity.
IFM Investors (UK) Ltd	Company Number 05857982	Provision of investment management services to IFM Investors Pty Ltd, the Company's immediate parent company.
IFM Global Infrastructure (UK) GP Limited	Company Number 6547980	Managing member of IFM Infrastructure (UK) General Partner, LLP.
IFM Infrastructure (UK) General Partner, LLP	Company Number OC378468	General Partner of various limited partnerships organised under the laws of England and Wales.